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FM AMEMBASSY SANTO DOMINGO
TO RUEHC/SECSTATE WASHDC 0740
INFO RHMFIUU/CDR USSOUTHCOM MIAMI FL
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHBH/AMEMBASSY NASSAU
RUEHC/USAID WASHDC 0020
RUEHDG/AMEMBASSY SANTO DOMINGO
RUEHKG/AMEMBASSY KINGSTON
RUEHPU/AMEMBASSY PORT AU PRINCE
RUEHSP/AMEMBASSY PORT OF SPAIN
RUEHUB/USINT HAVANA 0090
RUEHWN/AMEMBASSY BRIDGETOWN

UNCLAS SANTO DOMINGO 000057

SIPDIS

E.O. 12958: N/A

TAGS: ETRD ECON HA DR

SUBJECT: DR Firms Ask to Be Allowed to Bid on Haiti Reconstruction Contracts

¶1. On 2/10, Charge and Emboffs met with representatives of the Association of Industries of the Dominican Republic (AIRD) to discuss the Dominican private sector's desire to bid on Haitian reconstruction projects. The representatives were from the two largest producers of reinforced steel and roofing materials in the Dominican Republic - INCA and METALDOM - and used their sector as an example of the situation faced by the whole of Dominican industry. Francisco Garcia, the President of INCA, highlighted that many of his sector's products, such as rebar and PVC pipes, not only meet ASTM standards but also qualify as "Buy American" given their significant U.S.-produced content (from suppliers such as Nucor, Shintec, Oxy, and Ameristeel). Garcia provided a list of items INCA has on hand for immediate delivery, including 25,000 metric tons of rebar, 200,000 units of galvanized roofing sheets, and 1,000 metric tons of PVC pipes and fitting. (NOTE: Post will send the full list and the aide-de-memoire provided by the group via e-mail to WHA/CAR. END NOTE.) Moreover, INCA and METALDOM can work in tandem with DR-based construction companies on reconstruction projects; for example, a Dominican construction firm has experience building low-income housing, constructing 5,000 to 10,000 units per project.

¶2. Haiti is both companies' largest export market; they provide 60 to 80 percent of the reinforced steel in Haiti and they are major supplies of rebar and PVC pipes. Since the earthquake, this market has virtually disappeared. Although the companies believe business will revive once reconstruction projects begin, they are concerned that the influx of donated construction materials has the potential to significantly undermine such a revival by creating excess supply of goods. Garcia claimed that a similar situation occurred in Jamaica after a hurricane several years ago, where a flood of roofing material created a 10-year stockpile and destroyed the local roofing plant. He noted that DR rolling mills are only operating at 50 percent capacity and its roofing plants at 40 percent capacity, so they have sufficient inventory and capacity to sell to Haiti immediately (as noted above). Moreover, given the advantage the companies enjoy due to proximity, they can also have the material into Haiti in six hours. Garcia stressed that they are not looking for favored treatment, but rather the opportunity to bid.

¶3. The Charge noted that he has been an advocate of improved business ties between Haiti and the DR and asked Garcia to supply information outlining the capabilities of INCA, METALDOM, and other DR firms in supplying building materials and working with Dominican

construction firms to build housing. The Charge also suggested they meet with other donors - such as the Canadians and UNDP - to improve their visibility. Garcia replied that they had already provided the list of goods they can supply to the Clinton Global Initiative.

¶4. MINIMIZE CONSIDERED.

Lambert